

5th Planet Games A/S
Gothersgade 11, 1123 Copenhagen K
CVR no. DK 33 59 71 42

Annual report 2019

Approved on general meeting 3-7-2020

Chairman of the meeting



Peter Ekman

Management's review

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5TH PLANET GAMES AT-A-GLANCE

- An international, publicly-traded games development company founded in 2011.
- A company that creates, develops and publishes mobile and web-based games globally.
- Strong portfolio of games available across a wide range of platforms including iOS, Android, Facebook and Web.
- Truly passionate about games and committed to making titles that will engage and bring genuine joy to people for years.
- Enters into strategic partnerships with global IP holders for increased visibility, awareness and games performance.

CEO LETTER

For 5th Planet Games, 2019 was characterized by being yet another year of considerable change. With the poor performance of most of our games and continuous delays on the other titles in development, we continued our efforts to cut costs in the studios with poor performance.

A direct consequence of the lack of results was that we decided to close down our studio in Nottingham, Fuzzy Frog Ltd., in March 2019 and our studio in Rocklin, Hugo Games Inc., in December 2019.

The close down expenses have been incorporated in the 2019 report and leaving us with a low cash-based EBITDA that for Q1 2020 was DKK -0.9m per month in average.

This leaves us with our newly established match-3 studio in Berlin left. In this office we have a very strong studio with some of the industry's best match-3 developers and we now have a dedicated team focused on developing our upcoming puzzle game based on the Adventures of Tintin scheduled for launch in September 2020.

On top of this, we have signed agreements with external studio's focusing on development of the Vikings game (scheduled for launch in September 2020) and the Doodle Jump game (scheduled for launch in August 2020).

Post the launch of these games, it is still the company's ambition to seek to acquire/merge with multiple gaming companies taking advantage of 5th Planet Games unique position as both a public traded company and an experienced gaming studio.

"Hugo the Troll" continue to show some performance in the Casino Game genre, and we have therefore decided to continue to expand our already existing partnership with Play'n GO. The 5th online casino game with Play'n GO is scheduled for launch on July 2nd 2020. This time it will be in cooperation with Nyjah Huston.

To get a more transparent capital and share structure, the Board of Directors has resolved to conduct a rights issue and to cancel the conversion loan agreement with Formue Nord. Please see further information in note 23 and Company announcements of 11th June 2020.

We appreciate the dedication of our shareholders, and our team is committed to a deliver a focused effort bringing strong success to 5th Planet Games!

Henrik Nielsen
CEO, 5th Planet Games A/S

OUTLOOK

Reorganisation development resources:

Following the lack of results in both our Nottingham (UK) and Rocklin (US) studios, the decision was taken to close the studios down and focus our development resources on our new studio in Berlin (DE).. The reorganization of the company has resulted in a decrease of our operational expenses with approximately DKK 1.0 million per month net after the realization of the cost savings in Nottingham and Rocklin.

The new studio in Berlin has proven to be an attractive location with access to good talent allowing for further scaling when needed.

With the activities in UK and USA closed and all expenses connected to this expensed in 2019 the cost base in the company is reduced significant. In Q1 2020 the cash-based EBITDA (EBITDA before non-cash expenses such as calculated costs for issued warrants) was in average per months DKK 0.9m.

Game Expectations:

Despite a fewer scheduled launches, 2020 is expected to become the biggest year to date for 5th Planet Games in terms of Net Revenue.

Release plan:

- | | |
|--|----------------|
| • The Adventures of Tintin | September/2020 |
| • Doodle Jump | August/2020 |
| • Nyjah Huston online casino slot game | July/2020 |
| • Vikings | September/2020 |

Business units, Resources and Know-how:

Following the closedown of the studios in Nottingham and Rocklin, the 5th Planet Games Group is comprised of 2 business unit, one in Copenhagen (DK) and Berlin (DE).

Copenhagen, Denmark

The Copenhagen office is focused on continuing to develop the organization and ensure operational excellence. Furthermore, the Copenhagen office is executing all publishing activities, working on identifying new growth opportunities for the existing development centres (incl. acquiring IP rights) as well as identify growth opportunities outside the organization through partnerships with industry leading companies (e.g. Play'n' Go).

Berlin, Germany

The Berlin Studio was established start 2019 and is focused on developing exciting match-3 games on mobile utilizing strong IP's such as "The Adventures of Tintin". The Berlin office is now fully operational with 13 very seasoned developers of which several comes from the industry leader King.com, where they worked on the match-3 game "Candy Crush Jelly Saga".

Capital resources:

5th Planet Games has a number of games under development both internally and externally. Until successful launch of the new games and sufficient positive cash flows from operations are obtained, the group is dependent on additional capital contributions.

The Board of Directors of 5th Planet Games A/S (the "Company") has today resolved to conduct a rights issue of NOK 35-45 million at a subscription price of NOK 1.00 per share (the "Rights Issue"), of which the minimum amount is underwritten. The Rights Issue is subject to approval by the annual meeting of the Company to be held on 3 July 2020 (the "AGM").

The proposed underwritten Rights Issue will raise gross proceeds of NOK 35-45 million through issuance of minimum 35,000,000 and maximum 45,000,000 new shares (the "Offer Shares") at a nominal value per share of DKK 0.05, and a subscription price of NOK 1.00 per share.

Financial expectations:

With the additional reorganization successfully executed, several games to be released in 2020 and a low cost base, we are confident with the future. The primary risk factor to achieving a successful outcome are the ability for the Berlin studio to deliver "The Adventures of Tintin" to market as planned as well as meeting the KPI's for both DAU and ARPDau.

FINANCIAL REVIEW

Continued reorganisation, three games development studios were shut down during the year because of disappointing results for the games they have developed. The two studios in UK were shut down in start 2019 and the US studio in Rocklin was decided to shut down in November 2019 as the new game, Dawn of the Dragons: Ascension, did not live up the expectations at all. The other games developed in the US studio have also been shut down as it wasn't possible to get a positive net profit from these.

The Berlin studio, established late 2018, is now the groups only owned studio and it is working with a Tintin puzzle game that for now is in soft launch.

As a consequence of the closed studios, the group income statement is only showing the income for the continuing operations and the result from the discontinuing operations is classified on its own line with a net loss according to IFRS rules. The 2018 figures have been reclassified in same way. In note 26 a statement showing both continued, discontinued and total income is specified.

The result for 2019 has been disappointing.

5th Planet Games launched 1 new mobile title in 2019, but without achieving the desired performance. One online casino game was launched in the middle of 2019 with satisfactory result.

Revenue in 2019 (continued operations) was DKK 2.2m, down from DKK 3.9m in 2017. Revenue was primarily generated from the casino games, the Ronaldo KickNrun game and Hugo Troll Race 2 game.

The operational cost base increased in 2019 (continued operations).

Operational Costs (DKK '000)	2019	2018
Costs of sales	136	305
Research and development expenses	9,222	299
Marketing expenses	304	2,316
Other expenses	10,332	10,843
Total	19,994	13,763

Research and development costs includes both internal and external costs related to the development of new games that are not capitalized. The DKK 8.9m y-o-y increase is driven by development costs primary related to development of the Tintin game.

Marketing expenses, which includes online marketing and royalty payments, decreased by DKK 1.8m related to low sales activity.

Other external expenses, which includes administrative salaries, administrative expenses, listing-related costs, etc. accounted for DKK 10.3m in 2019 compared with DKK 10.8m in 2018.

The costs associated with the close down of the two US based development studio in 2019 that are payable in 2020 are included in the 2019 discontinued operations and income.

Special items.

Special items income DKK of 0.3m in 2019 are adjustments to 2018 calculated costs.

Financial performance not satisfactory

EBITDA before special items for continued operations was a loss of DKK 17.8 m in 2019 (2018: DKK -9.9m) for continuing operations. The increase in EBITDA loss are primary due to development costs related to the Tintin game.

Depreciation and amortisation for 2019 was DKK 0.9m (2019: DKK 4.1m) for continued operations.

EBIT for 2019 was a loss of DKK 18.4m (2018: loss of DKK -22.8m) for continued operations. The decrease in result is mainly due to impairment loss and onerous contract losses expensed in 2018.

Net financials were an expense of DKK -0.1m (2018: DKK +0.1m) for continued operations.

In 2019, 5th Planet Games incurred a loss before tax of DKK 18.5m (2018: loss of DKK 22.8m) for continued operations.

For total operations a loss before tax of DKK 37.3m (2018: DKK 47.6m) was incurred of which DKK 5.1m will be returned by the Danish tax authorities under the tax credit scheme.

A net loss for total operations for the year of DKK 32,2m was recorded (2018: net loss of DKK 43.5m).

Total assets reduced in 2019

Total assets amounted to DKK 13.3m as of 31 December 2019, a DKK 24.1m decrease compared to 31 December 2018 due to decrease of cash position by DKK 12.6m and decrease of non-current assets by DKK 11.3m.

Cash flow negative due to loss of the year

In 2019, the cash flow from operating activities totalled a loss of DKK 19.7m (2018: loss of DKK 15.8m) and cash flows from investing activities had a negative cash impact of DKK 0.1m (2018: negative impact of DKK 15.3m). Cash flows from financing activities totalled DKK 7.3m (2018: DKK -0.3m). The cash position at 31 December 2019 amounted to DKK 6.3m (2018: DKK 18.9m).

Equity

The group's equity as of 31 December 2019 was DKK 7.0m (2018: DKK 26.7m). The decrease in equity was mainly attributable to the loss of the year. The equity ratio at year-end was 53% (2018: 71%).

Capital increases / Convertible loans issued in 2019

In 2019 was issued convertible loans for gross DKK 9.9m of which DKK 5.1m as per 31.12.2019 was converted to shares. Costs related to convertible loans and capital increases amounted DKK 2.5m

KEY FIGURES

DKK '000	IFRS 2019	IFRS 2018	IFRS 2017	IFRS 2016	IFRS 2015
Revenue	2,180	3,855	3,618	5,331	3,198
Gross profit	2,044	3,550	3,457	4,866	2,697
Loss before special items (EBITDA)	-17,814	-9,908	-18,834	-16,091	-16,627
Operating profit/loss (EBIT)	-18,391	-22,830	-25,976	-63,959	-33,909
Net Financials	-126	65	-456	-383	-3,213
Loss from discontinued operations	-15,866	-20,779	-	-	-
Net loss for the year	-32,223	-43,544	-23,489	-58,970	-29,431
Total assets	13,267	37,331	70,188	29,811	63,240
Investments other equipment	149	426	301	24	64
Capitalized costs and expenses development	18,381	17,184	11,066	17,231	18,053
Equity	6,972	26,637	56,028	14,983	52,055

RISK MANAGEMENT IN PRACTICE

Risk management is a high priority at 5th Planet Games. The Board of Directors and the management monitor the company's risk factors closely to minimize risk exposure. This ensures quick reaction time if conditions change. A risk assessment is made prior to every major decision.

RISKS AND UNCERTAINTIES

The most important risks facing 5th Planet Games are related to market/commercial risk and development risk. However, where the conventional game development is associated with large risks due to long development periods with substantial associated costs and a high risk of failure, 5th Planet Games is focused on developing and utilizing modular code bases in order to reduce the development time and risk of failure significantly.

- **Financial risk**

5th Planet Games is in a development stage and does not yet generate positive cash flows. Therefore, the company relies on having credit facilities and/or on fresh capital from its owners.

- **Market/commercial risk**

For every launch of a new game there is a risk that it will not generate satisfactory downloads and revenue, which can lead to a decision to discontinue the game or stop updating it. In such case, the amount spent on development costs and other costs will be written down with a negative impact on the financial results for the period. To reduce that risk, all new games run a soft launch period in a limited market to test user response and use it to optimize the game.

- **Product development risk**

When developing new products there is a risk that the product will not be finished because of changes in market sentiment, for example. In such case, the amount spent on the project will be lost.

- **Disputes**

The company may from time to time be involved in disputes, including disputes regarding intellectual property rights, all with ensuing risks and costs, which could have a material adverse effect on 5th Planet Games' business, financial condition and results of operations.

- **Partnership risk**

5th Planet Games enters into various agreements with celebrities and IP holders about developing and launching games. If such celebrities and IP holders lose popularity with the general public, revenue may fall dramatically. To minimize that risk, we carefully evaluate the celebrity persons involved before entering into any agreement.

- **Coronavirus/covid-19 risk**

The consequence of the serious virus spreading worldwide is pt. unpredictable but the board does not for now expect it to have substantial influence on the company. However, derivative effects of the global crisis can have unforeseen consequences for the company.

For further information on risk, see the section "Risk factors" on pp. 22, 26 – 30 of the prospectus dated 4 January 2018.

CORPORATE GOVERNANCE

GOOD CORPORATE GOVERNANCE IS ESSENTIAL FOR LONG TERM VALUE CREATION

The Board of Directors serves as a qualified dialogue partner for the daily management. The Board of Directors combines key industry insights, important business and financial skills as well as many years of management experience.

5th Planet Games' Board of Directors and Management continually work with corporate governance principles to ensure that the management structure and control systems are appropriate and satisfactory. 5th Planet Games 2019 statutory report on corporate governance, cf. section 107b of the Danish Financial Statements Act, is available on 5th Planet Games website at <https://www.5thplanetgames.com/investors/documents/>

The Company complies with 28 of the 45 Danish recommendations on corporate governance <https://corporategovernance.dk/> The Company complies partially with three recommendations and does not comply with:

1.1.3. The Committee recommends that the company publish quarterly.

- Due to of the limited size of the company only half year reports are published, but the company will communicate to the market when necessary.

2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.

- The Company aims for a sustainable development based on combining financial performance with socially responsible behaviour. The Company has not yet adopted official policies on corporate social responsibilities due to the current business size and activity level, however, it is the Company's aim to adopt such official policies on Corporate Social Responsibilities in line with the growth of the business activities, as the Company is aware of the importance of social responsibility. This is also currently reflected in the Company's individual employment contracts, underlining the importance of integrity and ethics – e.g. that the employees have an obligation to ensure that they follow the norms within the area of business they're operating in.

2.3.1. The Committee recommends appointing a vice chairman of the board of directors.

- Due to the limited size of the company no vice chairman is appointed.

*2.3.2. The Committee **recommends** that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company.*

- CEO and CAO both are member of the board of directors. The chairman is independent and does not perform special activities for the company. The company does not comply with the recommendation. However, the board of directors are composed of key executives i.e. CEO and CAO as their skills are important in the current situation of the company.

3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors.

- Due to the limited size of the company the company does not comply as CEO and CAO both are member of the board of directors. This is to ensure that the board of directors consists of key executives that are able to support the company's current strategy as well as who have hands on experience with the industry and leadership experience.

3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons.

- Due to the limited size of the company the company does not comply as CEO and CAO both are member of the board of directors. This is to support that the company's strategy being executed more efficiently. Having two former executives on the board of directors strengthen agility and execution power in the board of directors.

3.4.2. The Committee recommends that a majority of the members of a board committee be independent.

- Due to the the limited size of the company the company does not comply as CEO and CAO both are member of the board of directors. See also the comments as under 3.2.1.

3.4.6. *The Committee recommends that the board of directors establish a nomination committee chaired by the chairman of the board of directors.*

- Due to the structure and size of the Company's business, a nomination committee is not established. At least once a year the Board of Directors will assess the executive management and a self-assessment in order to evaluate the company's management competencies and performance in regard to its responsibilities. This is part of the tasks to be overseen by the chairman of the board.

3.4.7. *The Committee recommends that the board of directors establish a remuneration committee.*

- Due to the structure and size of the Company and its business, a remuneration committee is not established, but it is part of the tasks to be overseen by the chairman of the board to ensure adequate remuneration. However, the Company has a positive interest in establishing a remuneration committee once the Company's business grows.

3.5.1 *The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members.*

- Due to the structure and size of the Company and its business, a evaluation procedure is set on hold for a period. However, the board of directors always evaluate its work and composition after each board meeting as well as between board meetings in an informal manner.

4.1. *Form and content of the remuneration policy*

- It is the intention of the Company and the Board to adopt policies for the Company's remuneration of the Board and the Management, but for now the responsibility to propose such remuneration lies with the Chairman. The chairman of the Board of Directors shall regularly assess and propose principles for the remuneration of the Board and the Executive Management, including guidelines for incentive-based remuneration. The Company has adopted a set of guidelines for incentive remuneration of the executive board, which allows for the executive board to receive both a short term-based cash bonus.

4.1.3 *The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.*

- Due to the current size and structure of the company, a portion of the remuneration of members of the Board of Directors has been replaced by warrants. However, the pool of warrants allocated is not considered material and therefore deemed to not cause the members of the Board of Directors to lose their independence towards the company.

4.1.4 *The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.*

- Due to the current structure and strategy of the company the warrant allocations to members of the Board of Directors has been granted on a vesting program of less than three years.

5.2.1. *The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.*

- Due to the structure and size of the Company and its business, a whistleblower scheme has not been established. However, the Company intends to establish a whistleblower scheme once the Company's business grows.

Gender diversity

In 2019, the Board of Directors consisted of 3 members, of which none are women (3 members and no women in 2018). In 2017 the Board of Directors set a target to have at least one female Board member elected by the Annual General Meeting in 2021.

Internal control systems

5th Planet Games' risk management and internal control systems for financial reporting are designed to ensure that financial reporting meets current legislation and standards.

The CEO of 5th Planet Games is responsible for maintaining efficient internal controls. The management team are responsible for internal controls within their respective areas of responsibility, such as development, sales and finance, reports to the CEO.

The group's control measures comprise general as well as detailed controls to prevent, identify and correct errors and irregularities. Documentation of procedures is part of the internal control system and consists descriptions of control measures.

These procedures/reports comprise i.e.:

- A review of strategic and business objectives to be performed at least once a year.
- A formalised annual budget with forecasts and estimation procedures. Furthermore, management reporting is prepared, comprising:
- Financial results and financial position, including analysis of cash flows and the group's financial structure.
- Comparison of budgeted financial results, results from previous years and actual results.
- Project management and cost control as well as current project reporting, project follow-up and review of accounting policies and estimates.

Also, the independent auditors report to the Executive Management and the Audit Committee, which assess the results of current examinations performed to determine the extent to which the Executive Management and the Audit Committee can rely on the reports/processes which are mainly prepared and performed by the finance department.

Cooperate social responsibility

It's the ambition of 5th Planet Games to have a sustainable development based on combining financial performance with socially responsible behaviour. However, we have not yet adopted official policies on corporate social responsibilities due to the current size of our operations and activity level, but it is our aim to adopt such official policies on Corporate Social Responsibilities in line with the growth of the business activities, as we are aware of the importance of social responsibility. This is also currently reflected in each of the individual employment contracts, underlining the importance of integrity and ethics – e.g. that the employees have an obligation to ensure that they follow the norms within the area of business they're operating in.

Remuneration report

It is the intention of the Company and the Board to adopt policies for the Company's remuneration of the Board and the Management, but for now the responsibility to propose such remuneration lies with the Chairman. The chairman of the Board of Directors shall regularly assess and propose principles for the remuneration of the Board and the Executive Management, including guidelines for incentive-based remuneration. The Company has adopted a set of guidelines for incentive remuneration of the executive board, which allows for the executive board to receive both a short term-based cash bonus (maximum 100% of annual salary) as well as a long term-based warrant program.

Remuneration – Board of Directors

The remuneration of members of the Board of Directors is, due to the current size and structure of the company, comprised of direct payments and a small pool of warrants. The pool of warrants allocated is not considered material and therefore deemed to not cause the members of the Board of Directors to lose their independence towards the company.

Remuneration of the Board of Directors

DKK '000	Joined	Resigned	2019			2018		
			Fixed base fee	Share-based payments	Total	Fixed base fee	Share-based payments	Total
Caspar Rose (1)	06-02-2015		15	163	178	15	385	400
Henrik Nielsen	27-11-2019		0	0	0	0	0	0
Peter Ekman	27-11-2019		0	0	0	0	0	0
Jesper Theill Eriksen	24-04-2018	27-11-2019	15	58	73	15	399	414
Kevin John Terkelsen	21-12-2017	27-11-2019	15	58	73	15	399	414
Henrik Kølle		24-04-2018	0	0	0	64	-49	15
Bertel David Maigaard		24-04-2018	0	0	0	5	-22	-17
Rasmus Lund		24-04-2018	0	0	0	5	-22	-17
Total			45	279	324	119	1,090	1,209

1. Chairman of the Board

Remuneration – Executive Management

The remuneration of the Executive Management teams is following the recommendation by the Chairman of the Board of Directors. The current remuneration program for the Executive Management team is comprised of both a monetary remuneration as well as a pool of warrants.

Remuneration of Executive Management

DKK '000	Joined	Resigned	2019			2018		
			Fixed base fee	Share-based payments	Total	Fixed base fee	Share-based payments	Total
Henrik Nielsen, CEO	29-09-2017		482	4.220	4.702	480	2.725	3.205
Anders Egholdt Søgard, CFO'	01-02-2018	31-12-2019	752	260	1.012	690	911	1.601
Peter Ekman, CFO		01-02-2018	0	0	0	70	11	81
Total			1.234	4.480	5.714	1.240	3.647	4.887

MANAGEMENT

Board of Directors

**Caspar Rose [m]
(1971)**

Chairman of the Board

Position:

Advokat

Educational background:

LL.M. from the University of Copenhagen, M.Sc. (Finance and accounting), CBS. Ph.D. from Department of Finance, CBS.

Competencies:

Corporate Governance, Financial markets, Risk management

Member of the boards of:

GF-Storkøbenhavn

Shares in 5th Planet Games A/S:

6,365 shares

Warrants in 5th Planet Games A/S:

498,197 warrants

Independent Board Member:

Yes

Election Term:

1 year

Board member since:

February 6, 2015

**Henrik Nielsen [m]
(1967)**

Board member / CEO

Position:

CEO 5th Planet Games A/S

Educational background:

M.Sc. in Marketing and Strategy from the Copenhagen Business School

Competencies:

Strategy and Finance

Member of the board of:

HNI TRADING ApS
NIL TECHNOLOGY ApS

Shares in 5th Planet Games A/S:

4,619,262 shares

Warrants in 5th Planet Games A/S:

9,850,860 warrants

Independent Board Member:

No

Election Term:

1 year

Board member since:

November 27, 2019

**Peter Ekman [m]
(1959)**

Board member / CAO

Position:

CAO 5th Planet Games A/S

Educational background:

Qualified auditor and Accountant

Competencies:

Finance and accounting

Member of the boards of:

Ekman Holding ApS
Storkesig APS
Intoy A/S
Deca A/S

Shares in 5th Planet Games A/S:

404,643 shares

Warrants in 5th Planet Games A/S:

273,652 warrants

Independent Board Member:

No

Election Term:

1 year

Board member since:

November 27, 2019

Executive Management

Henrik Nielsen [m]
(1967)
CEO

Employed since: 2017

Educational background:
M.Sc. in Marketing and Strategy from the
Copenhagen Business School

Chairman of the board of:
HNI TRADING ApS
NIL TECHNOLOGY ApS

Member of the board of:
n/a

Shares in 5th Planet Games A/S:
4,619,262 shares

SHAREHOLDER INFORMATION

An investment in 5th Planet Games is an investment in games - a market in continuous strong growth.

5th Planet Games shares

The official share price as of 31 December 2019 was NOK 0.37 with a market capitalization of NOK 19.9m (DKK 15.1m). Total turnover of shares in 2019 was 36.9 million with a total transaction value of NOK 106.1m.

Master Data:	
Stock Exchange:	Oslo Axess
Sector:	Communication
ISIN Code:	DK0060945467
Symbol:	FIVEPG
LEI Code:	213800MC2SGVSIBN7J53
Share capital DKK:	2,686,800.50
Denomination:	DKK 0.05
No. of Shares:	53,736,010
Negotiable instruments:	Yes
Voting restrictions:	No

Share Capital

The nominal share capital of 5th Planet Games as of 31.12.2019 was DKK 2,686,800.50, consisting of 53,736,010 shares of DKK 0.05 each. 5th Planet Games has only one share class. The Board of Directors and the Executive Management regularly assess whether the share capital and share structures are aligned with the interests of the shareholders and the company.

Shareholding structure

5th Planet Games shareholders are primarily residents of Denmark and Norway. As of 31 December 2019, the largest shareholder held 12,6% of the registered share capital. Below list shows shareholders holding more than 5% of the share capital or the votes at as of June 2020.

Composition of shareholders at 3 June 2020			
	Shares	Capital DKK	Capital %
HNI Trading A/S controlled by CEO Henrik Nielsen	4.619.262	230.963	7,5%

As of 31 December 2019, members of the Board of Directors and their related parties held 5,030,270 shares (nominal value DKK 251,514), corresponding to 9.4% of the share capital and a market value of 1.4m DKK. Members of management (Also member of Board of Directors) held 4,619,262 shares (nominal value DKK 230,963), corresponding to 8,6% of the share capital and a market value of DKK 1,296,715.

Annual general meeting

The Annual General Meeting will be held on 3rd July 2020 at 9:00 at 5th Planet Games A/S, Gothersgade 11, 1123 Copenhagen C, Denmark.

Dividend and allocation of profit

The Board of Directors recommends to the Annual General Meeting that no dividend be declared in respect of the 2019 financial year. The Board of Directors recommends to the shareholders that the loss for the year of DKK 32.3m, to be transferred to retained earnings.

Investor Queries

Any questions or comments from shareholders, analysts and other stakeholders should be addressed to CEO Henrik Nielsen via the investor e-mail ir@5thplane

Information in accordance with the Danish financial statements act § 107 a

Adoption of amendments to the Articles of Association, dissolution of the company, merger or demerger requires a resolution adopted by at least a two-thirds majority of the votes cast as well as of the share capital represented at the general meeting.

The Board of Directors consists of from three to seven members elected each year at the annual general meeting of the company for the period until the next annual general meeting. Board members are eligible for re-election. The Board of Directors appoints its own chairman and vice chairman.

The 5th Planet Games' Board of Directors consists of three members headed by Jesper Theill Eriksen as chairman. The members of the Board of Directors are presented on page 15.

The Board of Directors proposes that the members of the Board of Directors for the year 2020 shall receive a fixed remuneration of DKK 30,000. Furthermore, it is proposed, that the Board of Directors in the future may be granted warrants, on similar levels as previous years, exercisable at market value in the Company in combination with the above-mentioned fixed remuneration.

Until 6 February 2020, the Board of Directors is authorized to let the company obtain loans against the issue of convertible notes with the right to subscribe for shares in the company (convertible loans), and the Board of Directors is authorized to make the related capital increase by up to a total nominal amount of DKK 5,000,000.

Until 6 February 2020, the Board of Directors is authorized to increase the company's share capital in one or more issues with pre-emptive rights for the existing shareholders of the company by up to a total nominal amount of DKK 10,000,000 against cash consideration. The capital increase may take place at a discount to the market price.

Until 3 April 2024, the Board of Directors is authorized to increase the company's share capital in one or more issues without pre-emptive rights for the existing shareholders of the company by up to a total nominal amount of DKK 35,000,000 against cash or non-cash consideration or by conversion of debt. Such capital increase shall take place at market price.

The combined share capital increase performed pursuant to the above-mentioned authorizations set out in articles 2.3, 2.4 and 2.5 of the Articles of Association, cannot exceed a nominal value of DKK 35,000,000.

Until 3 April 2024, the Board of Directors is authorized to let the company obtain loans against the issue of convertible notes with the right to subscribe for shares in the company (convertible loans) at a conversion price of up to 10% below the market value at the time of conversion, and the Board of Directors is authorized to make the related capital increase by up to a total nominal amount of DKK 15,000,000.

The current authorization amount as of 31 December 2019 is DKK 3,514,716.60

The group has not entered into contracts with change of control clauses.

The Board of Directors and the Executive Management have today considered and approved the annual report of 5th Planet Games A/S for the financial year 1 January 2019 – 31 December 2019

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the parent company, 5th Planet Games A/S, are prepared in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). Furthermore, the annual report has been prepared in accordance with the additional Danish disclosure requirements for annual reports of listed companies.

In our opinion, the accounting policies applied are appropriate, thus ensuring that the consolidated financial statements and the financial statements provide a fair presentation of the group's and the parent company's assets, liabilities and financial position as of 31 December 2019 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 1 January 2019 - 31 December 2019.

We believe that the management review contains a true and fair review of the development and performance of the group's and the parent company's business activities and financial situation, the earnings for the year and the financial position of the parent company and the financial position as a whole of the entities comprised by the consolidated financial statements, together with a description of the principal risks and uncertainties that the group and the parent company face.

The annual report is submitted for adoption by the general meeting.

Copenhagen, 11 June 2020

Executive Management



Henrik Nielsen

Board of Directors:



Caspar Rose
Chairman



Henrik Nielsen



Peter Ekman

Independent auditor's report

To the Shareholders of 5th Planet Games A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in accordance with International Financial Reporting Standards as endorsed by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of 5th Planet Games A/S for the financial year 1 January to 31 December 2019, pp 21-48, comprise income statement and statement of comprehensive income, cash flow statement, balance sheet, equity statement and notes, including summary of significant accounting policies.

The Parent Company Financial Statements of 5th Planet Games A/S for the financial year 1 January to 31 December 2019, pp 49-54, comprise income statement, balance sheet, equity statement and notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of 5th Planet Games A/S in January 2016 for the financial year 2015. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 5 years including the financial year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern

5th Planet Games A/S has a number of games under development. Until successful launch of new games and sufficient positive cash flow from operations is obtained, the Group is dependent on additional capital contributions.

According to the most recent budgets approved by The Board of Directors, the existing capital resources are sufficient to continue the Group's operations as planned through 2020. Reference is made to note 3 to the financial statements, which describes the Management's assessment of the Group's capital resources.

We focused on this area, as the going concern presumption is a fundamental concept in the preparation of financial statements.

How our audit addressed the Key Audit Matter

We considered the period to which Management have assessed the Group's ability to continue as a going concern, and tested the assessment by reference to Management's budgets, the current cash position, and the capital increase to be conducted as described by the Management in note 23 of the consolidated financial statements.

Statement on Management's Review

Management is responsible for Management's Review, pp 3–16.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and in accordance with International Financial Reporting Standards as endorsed by the EU and further requirements in the Danish Financial Statements Act and for the preparation of the parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements. As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance (the Board of Directors) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 11 June 2020

Grant Thornton

Statsautoriseret Revisionspartnerselskab
CVR-nr. 34 20 99 36



Ulrik Bloch-Sørensen
State-Authorised Public Accountant
MNE-nr. 2913



Martin Bomholtz
State-Authorised Public Accountant
MNE-nr.34117

Consolidated income statement and statement of other comprehensive income

DKK'000	Note	2019	2018
Revenue	4	2.180	3.855
Costs of sales		136	305
Gross Profit		2.044	3.550
Research and development costs	5	9.222	299
Marketing expenses		304	2.316
Other expenses	5	10.332	10.843
Loss before special items, depreciation and amortisation (EBITDA)		-17.814	-9.908
Special items	6	-306	8.854
Depreciation and amortisation	11,12,13	883	4.068
Operating loss (EBIT)		-18.391	-22.830
Financial income	7	31	210
Financial expenses	8	157	145
Loss before tax		-18.517	-22.765
Tax on loss for the year	9	-2.160	0
Loss for the year from continuing operations		-16.357	-22.765
Loss for the year from discontinued operations	25	-15.866	-20.779
Loss for the year		-32.223	-43.544
Other comprehensive income		-38	-11
Comprehensive income		-32.261	-43.555
Distribution of comprehensive income:			
Parent company's shareholders		-32.317	-43.518
Non-controlling interests		56	-37
Total		-32.261	-43.555
Basic earnings per share:			
From Continued operations (DKK)	10	-0,339	-0,524
From discontinued operations (DKK)	10	-0,329	-0,478
Total DKK)		-0,668	-1,002
Diluted earnings per share:			
From Continued operations (DKK)	10	-0,339	-0,524
From discontinued operations (DKK)	10	-0,329	-0,478
Total DKK)		-0,668	-1,002

ASSETS:

DKK'000	Note	2019	2018
Non-current assets			
Completed development projects	11	0	586
Acquired rights	11	0	4.180
Goodwill	11	0	5.567
Development projects in progress	11	0	1.652
Plant and equipment	12	118	424
Right-of-use assets	13	985	0
Total non-current assets		1.103	12.409
Current Assets:			
Trade receivables	14	620	944
Income tax receivable	9	5.075	3.967
Other receivables		181	307
Prepayments		16	809
Cash		6.272	18.895
Total current assets		12.164	24.922
Total assets		13.267	37.331

EQUITY AND LIABILITIES:

DKK'000	Note	2019	2018
Equity:			
Share capital		2.687	21.761
Reserves		0	1.652
Retained earnings		4.285	3.280
5th Planet Games shareholder's share of equity	15	6.972	26.693
Non-controlling interests		0	-56
Total Equity	15	6.972	26.637
Non-current liabilities			
Lease liabilities	13	783	0
Other payables	16	2.054	0
Total non-current liabilities		2.837	0
Current liabilities			
Lease liabilities	13	235	0
Provisions	16	0	5.069
Related parties	20	47	0
Trade payables		597	1.797
Other payables	16	2.579	3.828
Total current liabilities		3.458	10.694
Total Liabilities		6.295	10.694
Total equity and liabilities		13.267	37.331

Statement of changes in equity

DKK'000	Reserves						Planet Games shareholder's	Non-controlling interests	Total equity
	Share capital	Share premium	Convertible loan	Reserve Capitalised Development costs	Other reserves	Retained earnings			
Equity as at 01.01.2019	21,761	0	0	1,652	0	3,280	26,693	-56	26,637
Net Loss						-32,280	-32,280	56	-32,224
Other comprehensive income					-37	0	-37		-37
Comprehensive income	0	0	0	0	-37	-32,280	-32,317	56	-32,261
Capital increases by									
'loan conversion	3,900	1,170	-5,070				0		0
Capital reduction	-22,976					22,976	0		0
Convertible loans issued			9,930				9,930		9,930
Costs related to capital increase					-2,451		-2,451		-2,451
Share-based payment						5,117	5,117		5,117
Capitalized development costs				-1,652		1,652	0		0
Transfer of reserves		-1,170	-4,860		37	5,993	0		0
Transactions with owners	-19,076	0	0	-1,652	-2,414	35,738	12,596	0	12,596
Equity as at 31.12.2019	2,685	0	0	0	-2,451	6,738	6,972	0	6,972
Equity as at 01.01.2018	20,627	0	0	0	22,439	12,976	56,042	-14	56,028
Net Loss						-43,507	-43,507	-37	-43,544
Other comprehensive income					-6	0	-6	-5	-11
Comprehensive income	0	0	0	0	0	-43,507	-43,513	-42	-43,555
Capital Increase	1,134	2,146					3,280		3,280
Costs related to capital increase		-370					-370		-370
Share-based payment						7,134	7,134		7,134
Put-option liability, expired						4,120	4,120		4,120
Capitalized development costs				1,652	0	-1,652	0		0
Transfer of reserves		-1,776			-22,433	24,209	0		0
Transactions with owners	1,134	0	0	1,652	-22,433	33,811	14,164	0	14,164
Equity as at 31.12.2018	21,761	0	0	1,652	6	3,280	26,693	-56	26,637

Consolidated cash flow statement

DKK'000	Note	2019	2018
Loss before tax		-37.299	-47.611
Depreciation, amortisation and impairment losses		12.706	15.499
Share-based payments		5.116	6.570
Financial income, reversed		-31	-49
Financial expenses, reversed		438	335
Change in working capital		-4.519	6.545
Operating cash flow		-23.589	-18.711
Financial income, received		31	25
Financial expenses, paid		-94	-145
Income tax received		3.968	2.998
Cash flow generated from operations		-19.684	-15.833
Purchase of equipment		-149	-426
Investment in intangible assets		0	-14.826
Cash flow from investing activities		-149	-15.252
Proceeds from cash capital increase		0	2.893
Proceeds convertible loans		7.479	0
Credit institutions, loan repayment		0	-3.148
Lease liabilities, repayment		-215	0
Cash flow from financing activities		7.264	-255
Total cash flow for the period		-12.569	-31.340
Cash, beginning of period		18.895	50.223
Net foreign exchange difference		-54	12
Cash, end of period		6.272	18.895

1. Accounting policies
2. Significant accounting estimates and judgments
3. Capital resources
4. Revenue
5. Staff costs
6. Special items
7. Financial income
8. Financial expenses
9. Tax
10. Earnings per share
11. Intangible assets
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13. Right-of-use assets and lease liabilities
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22. Fee to parent company auditors appointed at the Annual General Meeting
23. Events occurring after the balance sheet date
24. Adoption of the annual report for publication
25. Convertible loan
26. Discontinued operations

1. Accounting policies

5th Planet Games A/S is a limited liability company domiciled in Denmark. The consolidated financial statements for 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional Danish disclosure requirements.

Danish kroner (DKK) is the group's presentation currency and the functional currency of the parent company. The consolidated financial statements are presented in Danish kroner (DKK) rounded off to the nearest DKK 1,000.

Implementation of new and revised standards and interpretations

The IASB has issued new standards and revisions to existing standards and new interpretations that are mandatory for accounting periods commencing on or after 1st of January 2019. The implementation of these new or revised standards and interpretations has not had any significant impact on the net loss for the year or the financial statement.

With effect on 1st of January 2019 IFRS 16, Lease has been adopted and implemented in the report for 2019.

Effect from implementing IFRS 16, Leases

IFRS 16 has replaced IAS 17, Leases and IFRS 16 has introduced a changed accounting model for a lessee. Previously, lease contracts for a lessee were classified as either operating or finance leases. IFRS 16 requires the majority of operating leases to be recognized as lease assets with a related lease liability, similar to the previous accounting of finance leases. The lease payments, previously accounted for as operating expenses, have been split into an interest cost and a repayment of the lease liability. The lease assets are depreciated over the term of the lease contract.

We have implemented IFRS 16 using the simplified retrospective transition approach without restating comparative figures, with a lease asset value equal to the lease liability value upon transition. Consequently, 2018 comparative figures are reported according to IAS 17. This applies to all numbers prior to January 1, 2019 in text and tables, throughout the entire report, unless otherwise specifically stated.

Upon implementation we have elected to use the following exemptions proposed by the standard:

- Not to recognize lease contracts for which the lease terms ends within 12 months as of the date of initial application
- Not to reassess whether a contract is or contains a lease
- Apply only a single discount rate for a portfolio of lease assets with reasonable similar characteristics
- Exclude initial direct costs from the measurement of the right-of-use asset
- Not to separate non-lease components from lease components.

The Company recognizes all operating leases – with the few exemptions listed above – on the balance sheet as assets with a corresponding lease liability. The lease liability is equal to the discounted value of all future lease payments. The lease assets, right-of-use-assets, correspond to the lease liability adjusted by the amount of any prepaid or accrued lease payments recognized in the statement of financial position immediately before the date of initial application.

When assessing the future lease payments, we have included the payments, which are fixed or variable, dependent on an index or a rate. Non-lease components are included as part of the lease liability. When assessing the lease term, any extension or termination options have been included in the assessment. The options are included in determining the lease term, if exercise is reasonably certain. When determining the discount rates used to calculate the net present value of future lease payments, we have used an estimated borrowing rate on 7% pa.

Upon implementation January 1, 2019, we have recognized a right-of-use-asset of DKK 1.2m and a lease liability of DKK 1.2m. The implementation has no impact on equity. The right-of-use-assets relate primarily to land and buildings with lease terms ranging from 1.5 to 5 years.

Had the Group applied the previous accounting policy for leases according to IAS 17 in 2019, the income before interest and tax (EBIT) for the period would have been a loss of DKK 31,969 m, a decrease of DKK 0.047m in loss compared to the actual numbers of 2019.

Implementation of IFRS 16 has no impact on the underlying cash flows. However, due to the lease payments being split into interest costs and a repayment of the lease liability, the presentation in the cash flow statement has changed. The change has improved the cash flow from operating activities by DKK 0.3 million whereas the cash outflow from financing activities has been negatively impacted by DKK 0.2 million.

The other principal accounting policies set out below have been consistently applied in the preparation of the consolidated financial statements for all the years presented.

Earnings per share

Basic earnings per share are calculated as the net result for the period that accrues to the parent company's shares divided by the weighted average number of ordinary shares outstanding.

Diluted earnings per share are calculated as the net result for the period that accrues to the parent company's shares divided by the weighted average number of ordinary shares outstanding adjusted by the dilutive effect of potential shares.

Segment reporting

No separate business areas or separate business units have been identified in connection with single games or geographical markets. As a consequence, no segment reporting is made concerning business areas or geographical areas. Assets located outside Denmark amounts to less than 10% of the group assets. Due to materiality no segment reporting is made on geographical criteria's.

Consolidated financial statements

The consolidated financial statements comprise 5th Planet Games A/S (parent company) and the companies (subsidiaries) controlled by the parent company. A company is regarded as controlled by the parent company when the parent company is exposed or entitled to variable returns on its involvement in the company, and has the ability to affect those returns through its power over the company.

The consolidated financial statements are prepared based on the financial statements of 5th Planet Games A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature calculated in accordance with the group's accounting policies, eliminating intercompany income and expenditure, intercompany balances and dividends as well as gains and losses on transactions between the consolidated companies.

Business combinations

Newly-acquired or newly-founded companies are recognised in the consolidated financial statements as from the time of acquisition and the time of foundation, respectively. The time of acquisition is the time at which control of the company is actually obtained. Divested or discontinued companies are recognised in the consolidated statement of comprehensive income up until the time when control ceases.

When new companies are acquired and the group obtains control of an acquired company, it is recognised in accordance with the acquisition method, according to which the newly acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition.

The acquisition price of a company is the fair value of the price paid for the acquired company. Costs relating to the acquisition are recognised in the income statement when paid.

Positive differences (goodwill) between the acquisition price of the acquired company on the one hand and the fair value of the assets, liabilities and contingent liabilities acquired on the other are recognised as goodwill and tested for impairment at least once a year.

Foreign currency translation

On initial recognition, transactions in currencies other than the functional currency of the individual company are recognised at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currency not settled at the balance sheet date are translated using the exchange rate applicable at the balance sheet date.

Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currency and measured based on historical cost are translated at the exchange rate applicable at the transaction date.

Tax

Tax for the year, consisting of current tax and changes in deferred tax, is recognised in the income statement at the portion attributable to tax on the profit or loss for the year, and directly in equity or in other comprehensive income at the portion attributable to amounts recognised directly in equity or in other comprehensive income, respectively.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the basis of the taxable income for the year and taxes paid or refunded.

Current tax for the year is computed based on the tax rules and tax rates applicable at the balance sheet date.

Deferred tax is recognised using the balance sheet liability method on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences due to either initial recognition of goodwill or initial recognition of a transaction that is not a business combination, and where the temporary difference ascertained at the time of initial recognition does not affect either the tax result or the taxable income. The deferred tax is calculated based on the planned use of the individual asset or settlement of the individual liability.

Deferred tax is measured by applying the tax rules and tax rates expected to be applicable when the deferred tax is expected to crystallise as current tax. Any change in deferred tax as a result of changes in tax rules or rates is recognised in the income statement, unless the deferred tax is attributable to transactions that have previously been recognised directly in equity or in other comprehensive income. In the latter case, the change is recognised directly in equity or in other comprehensive income, respectively.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised in the balance sheet at the expected realisable value, either through offsetting against deferred tax liabilities or as a net tax asset for offsetting against future positive taxable incomes to the extent that there is convincing evidence

that sufficient taxable profit will be available against which the unused tax losses can be utilised. An assessment is made at each balance sheet date of whether it is probable that sufficient taxable income will be generated in future to enable utilisation of the deferred tax asset.

The group is subject to joint taxation. The current Danish income tax is allocated between the jointly taxed companies in proportion to their taxable incomes.

Statement of comprehensive income

Revenue

Revenue from the sale of games and in-app purchases is recognised in the income statement if delivery has taken place and the risk has passed to the purchaser before the balance sheet date, and if the revenue can be determined reliably and is expected to be received. For sales of games and in-app purchases where delivery takes place via third parties (platform distribution partners), 5th Planet Games is the primary contractual party for the users and fixes the prices. Sales of games and in-app purchases are consequently measured as the fee paid by the user for the delivery, while costs for the third party are recognised under cost of sales.

Income from the provision of advertising services is recognised as revenue as the agreed services are provided. For sales of advertising services provided via third parties (platform distribution partners), 5th Planet Games is the primary contractual party for the users and fixes the prices. Income from advertising services is consequently measured exclusive of costs for such third parties.

Revenue is measured at the fair value of the fee received or receivable and is stated exclusive of VAT and discounts.

Cost of sales

Cost of sales comprises commission paid to stores handling app sales, such as iTunes, Google Play, etc.

Gross profit

Gross profit comprises revenue deducted with commissions to stores, such as iTunes, Google Play, etc.

Research and development costs

Research and development costs comprise external research and development costs and internal staff costs related to research and development activities that are not capitalized in the balance sheet.

Marketing expenses

Marketing expenses comprise expenses relating to marketing expenses and royalty expenses.

Other expenses

Other external expenses comprise expenses relating to administrative staff and other administrative expenses, costs of premises, bad debts, operating leases, etc.

Special items

Special items comprise material non-recurring expenses. These items are presented separately because they are treated as one-off occurrences.

Net financials

Net financials comprise interest income and interest expenses as well as realised and unrealised gains and losses on transactions in foreign currency.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as part of interest expenses.

Share-based payments

Share-based payments of the Group are equity-settled warrants granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the consolidated statement of profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

Equity is also increased by the proceeds received, as and when employees choose to exercise their options.

Balance sheet

Fair value

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between the cost of the company acquired and the fair value of the assets, liabilities and contingent liabilities acquired, see the description in the section on business combinations.

On initial recognition, goodwill is distributed on the group activities that generate independent cash flows (cash-generating units). The distribution on cash-generating units follows the management structure and the group's internal financial management. Goodwill is not amortised but is tested for impairment at least once a year.

Development projects

Development costs comprise staff costs and fees for sub-suppliers directly attributable to the development of new games. Development projects which are clearly defined and whose technical feasibility and sufficiency of resources have been demonstrated and which the company intends to complete and market are recognised as development projects in the balance sheet if the costs can be determined reliably and there is sufficient certainty that future earnings will cover the development costs. Recognised development projects are measured at cost less accumulated amortisation and impairment losses.

Other development costs are recognised in the income statement under other external expenses or staff costs when paid.

Once completed, development projects are amortised according to the straight-line method over their estimated useful lives from the time when the asset is ready for use. Development projects relating to a game are regarded as being ready for use at the time when the game is launched and made available to the users at the latest. The first launch may be either a soft launch whose main purpose is to gain experience about user preferences and behaviour in the game with a view to making improvements, or a hard launch where the main purpose is to generate commercial income. The amortisation period is usually five years from soft launch and three years from hard launch. Amortisation methods, useful lives and residual values are reviewed every year.

Property, plant and equipment

Property, plant and equipment is measured in the balance sheet at the lower of cost less accumulated depreciation and the recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The depreciation period is usually three to five years. Depreciation methods, useful lives and residual values are reviewed every year.

Leases

The company assesses whether a contract is or contains a lease at inception of the contract. The company recognises right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short-term leases and leases of low value. For these leases, the lease payments is recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of the company's corresponding assets such as property, plants and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted in accordance with lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments.
- Variable payments, dependent on an index or rate.
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised.
- Amounts expected to be payable under residual value guarantees.

The lease liabilities are subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

Non-current financial assets

Other receivables recognised under non-current assets comprise deposits and are measured at the lower of accumulated cost and the recoverable amount.

Impairment of assets (impairment test)

The carrying amount of property, plant and equipment and intangible assets with determinable useful lives is tested for impairment every year. If indications of impairment are identified, the recoverable amount of the asset is calculated to determine the amount of any impairment loss.

The recoverable amount of development projects in progress and goodwill are determined every year, regardless of whether any indications of impairment exists.

If an asset does not produce inflows independently of other assets, the recoverable amount is determined for the smallest cash-generating unit of which the asset forms part.

The higher of fair value less selling costs and value in use is used as the recoverable amount of the asset. The value in use is determined as the present value of the expected net cash flows from use of the asset. If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is written down to the recoverable amount.

Where cash-generating units are concerned, the impairment loss is distributed in such a way that goodwill is written down for impairment first, and subsequently any remaining impairment loss is distributed on the other assets in the unit. However, individual assets cannot be written down to a value lower than their fair value less expected selling costs. Impairment losses are recognised in the income statement.

Receivables

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables, which are financial assets with fixed or determinable payments that are not listed in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Any write-downs for bad debts are determined on the basis of an individual assessment of the individual receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of the subsequent financial year. Prepayments are measured at cost.

Dividend

Dividend is recognised as a liability at the time of adoption by the general meeting.

Treasury shares

Acquisition costs and consideration for treasury shares and dividend from such are recognised directly in equity under retained earnings.

Liabilities

Non-current liabilities comprise other credit institutions. Payables to credit institutions are measured at cost at the time of contracting such payables (raising of loans). Subsequently, the liabilities are measured at amortised cost, meaning that the difference between the proceeds from the loan and the repayable amount is recognised in the income statement over the period of the loan as a financial expense according to the effective interest method.

Other financial liabilities comprise bank debt, trade payables, other payables to public authorities and other liabilities. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortised cost according to the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement as a financial expense over the period of the loan.

Provisions

Provisions are recognised when the following criteria are fulfilled:

- we have a legal or constructive obligation as a result of an earlier event
- the settlement of the obligation is expected to result in an outflow of resources
- the obligation can be measured reliably

For onerous contracts, a provision is made when the expected income to be derived from a contract is lower than the unavoidable cost of meeting our obligations under the contract.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and end of the year.

Cash flows from operating activities are presented in accordance with the indirect method and are determined as the operating profit or loss adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and financial assets as well as the purchase, development, improvement and sale of property, plant and equipment and intangible assets.

Cash flows from financing activities comprise changes in the parent company's share capital and associated costs as well as the raising and repayment of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividends.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement using average exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less overdraft facilities that are an integrated part of the cash management.

2. Significant accounting estimates and judgments

In connection with the preparation of the consolidated financial statements, management makes a number of accounting estimates and judgments that affect the recognised values of assets, liabilities, income, expenses and cash flows as well as their presentation.

Accounting estimates reflect management's best estimates in terms of amounts where the measurement is subject to uncertainty, typically because the estimate is based on assumptions concerning future events. The accounting estimates are based on historical experience and other assumptions deemed relevant, but the actual results may, naturally, deviate from the estimates made. The estimates are regularly reassessed, and the effect of changes is recognised in the consolidated financial statements.

Accounting judgments reflect decisions made by management as to how the accounting policies are applied in specific situations where the accounting treatment depends on qualitative assessments. Examples could be when the risk passes or how a certain transaction or item is best presented to provide reliable and relevant information.

The following accounting estimates and judgments have had significant impact on the consolidated financial statements for 2019:

Amortisation of development projects

To reflect the use of the development projects in the form of amortisation, the time when the asset is ready for use and the expected useful life must be determined. Generally, development projects are amortised from the time when the game is first made available to the users. Reference is made to the presentation in the accounting policies.

Impairment test

The carrying amount of property, plant and equipment and intangible assets with determinable useful lives is tested for impairment every year. If indications of impairment are identified, the recoverable amount of the asset is calculated to determine the amount of any impairment loss.

The recoverable amount of development projects in progress and goodwill are determined every year, regardless of whether any indications of impairment exists.

In consequence of the management decision to discontinue the UK and US development activities and related games, all the groups assets referred to the discontinuing activities have been written down by disposals since the management has assessed the assets without any value for the group going forward. Since there are no remaining intangible assets recognized no impairment test have been performed in yearend 2019.

Valuation of warrants

The calculated fair value and subsequent compensation expenses for share-based compensation are subject to significant assumptions and estimates. The fair value of each warrant granted during the year is calculated using the Black-Scholes pricing model. This pricing model requires the input of subjective assumptions such as:

- the expected stock price volatility: The group has estimated the fair value of its warrants by using the historic volatility of the shares
- The risk-free interest rate, which is based on the Danish government bonds having a yield with a maturity equal to the expected term of the option in effect at the time of grant.

- The expected life of warrants, which is based on vesting terms, expected rate of exercise and life terms in the current warrant program.

Total expenses for share-based compensation amounted to TDKK 5,117 in 2019 (2018: TDKK 7,134).

3. Capital resources

5th Planet Games has a number of games under development both internally and externally. Until successful launch of the new games and sufficient positive cash flows from operations are obtained, the group is dependent on additional capital contributions.

The Company's capital resources as per 31.12.2019:

3. Capital resources

DKK'000	2019
Short term capital assets	
Trade receivables	620
Other receivables	121
Cash	6.272
Total short term capital assets	7.013
Short term capital liabilities:	
Trade liabilities	597
Other payables	941
Lease liabilities	235
Total short capital liabilities	1.773
Total net capital resources	5.240
Other capital resources on a longer term but within one year:	
Tax refund (November 2020)	5.075
Estimated net proceeds from rights issue less repayment convertible loan	16.000
Total other capital resources on a longer term but within one year	21.075
Total net capital resources for the year	26.315

According to the most recent budgets approved by management, the existing capital resources are sufficient to continue the full operation of the group as planned for 2020. Reference is made to note 23 "Events occurring after the balance sheet date" ..

4. Revenue

DKK'000	2019	2018
Sales of games and in-app purchases	454	1,017
Sales of Service (advertising devices)	284	593
License income	1,442	2,245
Total	2,180	3,855

5. Staff costs

DKK'000	2019	2018
Wages and salaries	6.234	1.857
Pensions	214	213
Other social security costs	777	1
Share-based payment	5.411	4.908
Total	12.636	6.979

Total Staff costs are recognized as follows:

Research and development costs	5.515	61
Research and development capitalized	0	0
Administrative expenses	7.121	6.918
Total	12.636	6.979

Average number of employees during the year, continuing activities	14	3
Number of employees end of year, continuing activities	16	3
Average number of employees during the year, discontinuing activities	19	40
Number of employees end of year, discontinuing activities	0	44

Remuneration of board of directors and executive management:**Board of directors:**

Cash remuneration	45	119
Share-based payment	279	1.090
Total	324	1.209

Executive management

Gross Salary	482	550
Pension Contribution	0	0
Share-based payment	4.220	2.736
Total	4.702	3.286

Share-based payment

5th Planet Games has established a warrant program for executive management (CEO), board members and employees.

Warrant plans.

The Plans provides board members, executive management and employees with the option to purchase ordinary shares of 5th Planet Games A/S at a fixed price. There are no cash settlement alternatives. Warrants has been granted with monthly vesting over 24-48 months subject to continued employment. The exercise price of the share options is, in general, equal to the market price less 25% at the date of grant.

The table below summarizes the number of options that were outstanding, their weighted average exercise price (WAEP) as at 31 December, as well as the movements during the period.

	Number	Number	Number	Number	Number	The weighted average exercise price (VEAP)
	TOTAL	CEO	Member Board	Employee	Other WAEP	(NOK)
Outstanding, beginning of the period	9,884,251	4,173,035	1,272,634	4,005,583	433,000	1.95
Granted	10,839,059	9,850,860	0	988,199	0	0.57
Forfeited	-1,127,733	0	-174,099	-953,634	0	1.79
Exercised	0	0	0	0	0	-
Expired	-4,173,035	-4,173,035	0	0	0	1.83
Outstanding, end of the period	15,422,542	9,850,860	1,098,535	4,040,147	433,000	1.00
Exercisable at end of the period	6,800,079	2,873,167	834,911	2,659,001	433,000	1.36
The range of exercise prices for options outstanding (nok)	min: max:	0.6 5.8	0.6 0.6	2.5 2.9	0.6 1.9	1.0 2.3
The weighted average remaining contractual life for the share options outstanding (year)		9.0	9.4	8.3	8.2	8.8

The estimate of the grant date fair value of each option issued is based on a Black Scholes model, taking into account the terms and conditions on which the share options were granted. However, the performance conditions are only considered in determining the number of instruments that will ultimately vest.

Inputs to the model included the following factors

Warrant Plan	November 2017	June 2018	September 2018	Oktober 2018	Oktober 2018	November 2018
Grant date	16/11 2017	1/6 2018	1/9 2018	1/10 2018	1/10 2018	17/11 2018
Weighted average share price (NOK)	2,5	2,9	2,4	2,3	2,3	1,3
Exercise price (NOK)	1.5 - 5.8	2,9	1,8	2,3	2,3	1,3
Historical and expected volatility	69,6	80	80	80	80	80
Option life (Years)	2 - 10	2 - 10	3 - 10	0 - 10	0 - 10	3 - 10
Expected dividends	0	0	0	0	0	0
Risk-free interest rate (%)	-0.62 - 0.17	0,64	0,31	0,41	0,41	0,34

Warrant Plan	January 2019	May 2019	June 2019
Grant date	1/1 2019	23/5 2019	3/6 2019
Weighted average share price (NOK)	0,94	0,76	0,9
Exercise price (NOK)	0,71	0,57	0,68
Historical and expected volatility	80	131	131
Option life (Years)	1-10	0-10	1-10
Expected dividends	0	0	0
Risk-free interest rate (%)	0,39	0,07	0,07

Expected volatility was determined taking into consideration the volatility of the company's share price over a 12-month period.

During 2019, the total charge to profit or loss amounted to TDKK 5,116 (2018: TDKK 6,570).

6. Special Items

DKK'000	2019	2018
Goodwill, impairment losses	0	762
Development projects in progress, impairment loss	0	865
Onerous contracts, adjusted prior years	-306	0
Onerous contracts, this year	0	7,227
Total	-306	8,854

Accounting items recognized under special items are items that management considers to be non-recurring and which are material to the understanding of the complete consolidated financial statements. For further explanation of the recognized losses in 2018 reference is made to note 11 Intangible assets and note 16 Provisions.

7. Financial income

DKK'000	2019	2018
Interest income on assets measured at amortized cost	31	25
Foreign exchange gains, net	0	185
Total	31	210

8. Financial expenses

DKK'000	2019	2018
Interest income on liabilities measured at amortized cost	14	145
Foreign exchange loss, net	63	0
Interest Lease liabilities	80	0
Total	157	145

9. Tax

DKK'000	2019	2018
Tax on loss for the year:		
Net result for the year before tax	-37.299	-47.611
Tax rate	22%	22%
Expected tax expenses	-8.206	-10.474
Adjustment for non-deductible expenses	1.217	2.402
Prior-year adjustments	110	-99
Change in tax assets (not recognized)	1.803	4.104
Total tax on loss for the year	-5.076	-4.067

DKK'000	2019	2018
Specification of tax on loss for the year:		
Current tax	59	-70
Change in deferred tax	0	-30
Tax credit scheme/joint taxation contributions	-5.066	-3.967
Other adjustments	-69	0
Total tax on loss for the year	-5.076	-4.067

Breakdown on unrecognized deferred tax assets:

Tax losses carried forward (available indefinitely)	74.393	71.379
Research and development costs	0	-2.238
Other	2.446	-678
Basis at year end	76.839	68.463
Tax rate	22%	22%
Calculated Potential deferred tax assets	16.905	15.062
Write-down of deferred tax assets	-16.905	-15.062
Recognized deferred tax assets	0	0

10. Earnings per share

DKK'000	Continued operations		Discontinued operations	
	2019	2018	2019	2018
Net loss for the period	-16.357	-22.765	-15.866	-20.779
Average number of shares (in thousands)	48.235	43.460	48.235	43.460
Average number of treasury shares	0	0	0	0
Average number of shares in circulation	48.235	43.460	48.235	43.460
Diluted average number of shares in circulation	48.235	43.460	48.235	43.460
Earnings per share of DKK 0,05 each (in DKK)	-0,339	-0,524	-0,329	-0,478
Diluted earnings per share of DKK 0,05 each (in DKK)	-0,339	-0,524	-0,329	-0,478

11 Intangible assets

DKK´000	Completed developments projects	Acquired rights	Goodwill	Development projects in progress	Total
Financial Year 2019					
Costs as at 01.01.2019	51,521	4,700	8,930	9,355	74,506
Additions	0	0	0	0	0
Transfer	0	0	0	0	0
Disposals	-38,474	-4,700	-8,930	-9,355	-61,459
Costs as at 31.12.2019	13,047	0	0	0	13,047
Amortisation and impairment					
losses as at 01.01.2019	50,935	520	3,363	7,703	62,521
Impairment losses	0	3,300	5,567	1,652	10,519
Amortisation	586	880	0	0	1,466
Disposals	-38,474	-4,700	-8,930	-9,355	-61,459
Amortisation and impairment losses as at 31.12.2019	13,047	0	0	0	13,047
Carrying amount as at 31.12.2019	0	0	0	0	0
Financial Year 2018					
Costs as at 01.01.2018	61,089	300	3,363	7,586	72,338
Additions	0	4,400	5,567	5,423	15,390
Transfer	0	0	0	0	0
Disposals	-9,568	0	0	-3,654	-13,222
Costs as at 31.12.2018	51,521	4,700	8,930	9,355	74,506
Amortisation and impairment					
losses as at 01.01.2018	56,448	300	0	3,654	60,402
Impairment losses	0	0	3,363	7,703	11,066
Amortisation	4,055	220	0	0	4,275
Disposals	-9,568	0	0	-3,654	-13,222
Amortisation and impairment losses as at 31.12.2018	50,935	520	3,363	7,703	62,521
Carrying amount as at 31.12.2018	586	4,180	5,567	1,652	11,985

Impairment test

The recoverable amount of development projects in progress and goodwill are determined every year, regardless of whether any indications of impairment exists.

In consequence of the management decision to discontinue the UK and US development activities and related games, all the groups assets referred to the discontinuing activities have been written down by disposals since

the management has assessed the assets without any value for the group going forward. Since there are no remaining intangible assets recognized no impairment test have been performed in yearend 2019.

Cash-generating units comprising goodwill and development projects in progress are tested for impairment at least once a year and more frequently in case of indications of impairment.

12 Other Equipment

DKK'000	
<i>Financial Year 2019</i>	
Costs as at 01.01.2019	731
Additions	149
Disposals	-724
Effect of exchange rate adjustment	14
Costs as at 31.12.2019	170
Amortisation and impairment losses as at 01.01.2019	306
Impairment losses	369
Amortisation	100
Disposals	-724
Effect of exchange rate adjustment	1
Amortisation and impairment losses as at 31.12.2019	52
Carrying amount as at 31.12.2019	118
<i>Financial Year 2018</i>	
Costs as at 01.01.2018	311
Additions	426
Disposals	0
Effect of exchange rate adjustment	-6
Costs as at 31.12.2018	731
Amortisation and impairment losses as at 01.01.2018	152
Amortisation	159
Disposals	0
Effect of exchange rate adjustment	-4
Amortisation and impairment losses as at 31.12.2018	307
Carrying amount as at 31.12.2018	424

13. Right-of-use assets and lease liabilities

DKK'000	01.01.2019
Operating lease commitments as disclosed in note 19 in the Annual Report 2018 (IAS 17)	3,711
Adoption of IFRS 16 adjustments	-2,475
Lease liabilities recognized January 1, 2019 (IFRS 16)	1,236
<hr/>	
Right-of-use assets	Rent facilities
Impact from applying IFRS 16 as of January 1, 2019	1,236
Additions	0
Disposals	0
Modifications	0
Depreciations	-251
Right-of-use assets as of December 31, 2019	985
<hr/>	
Lease liabilities	31.12.2019
Non-current	783
Current	235
Lease liabilities	1,018
<hr/>	
Amounts included in the income statement	2019
Interest expense leases	80
Depreciation recognised on right-of-use assets	251
Lease expense on terminated lease agreements during the year	1,471
Amounts included in the income statement	1,802

The fair value does not differ significantly from the carrying amount.

14. Trade Receivables

DKK'000	2019	2018
Trade receivables (gross), beginning of year	944	913
Provision for bad debt	0	0
Change of provision in the year	0	0
Realised losses in the year	0	0
Provision for bad debt, end of year	0	0
Trade receivables (net), end of year	620	944
Trade receivables not due (due 0-3 months after the balance sheet date)	620	944
Trade receivables due from 0 to 1 month before the balance sheet date	0	0
Trade receivables due more than 1 month before the balance sheet date	0	0
Trade receivables (net), end of year	620	944

No trade receivables relates to contracts with customers.

With the implementation of IFRS 9 "Financial Instruments", the company has applied the simplified approach to measure the expected credit loss and a lifetime expected loss allowance for all trade receivables. Historically the company hasn't recognized losses on receivables. The Group's customers are predominantly app-stores and companies like these and therefore the credit risk is very low. There are no overdue receivables as of December 31, 2019. No losses are expected on trade receivables and therefore no loss allowance for trade receivables has been recognized as of December 31, 2019. No loss allowance was recognized as of January 1, 2019 or January 1, 2019. Management continues to assess the credit risks in order to ensure the credit risk never exceeds the loss allowance on trade receivables.

15. Equity

Share capital

As of 31.12.2019 the company's share capital consists of 53,736,010 shares of DKK 0.05 each. The shares are fully paid up. The shares are not divided into classes, and no shares enjoy special rights.

Treasury shares

The group held no treasury shares at the end of the 2019 or 2018 reporting periods.

Capital management

The group aims to ensure structural and financial flexibility as well as competitive strength. For that purpose, the group regularly assesses the appropriate capital structure for the group. Reference is made to the paragraph "Capital resources" in note 3 and significant accounting estimates and judgments in note 2.

Dividend

It is proposed that no dividend be paid.

Share capital development during 2018-2019

Date	Type of change	Change in Share Capital DKK	Per value DKK	Total share capital DKK	Number of new shares	Total number of shares
31.12.2017	Share Kapital			20.626.851		41.253.703
01.01.2018	Share capital increase	650.000	0,50	21.276.851	1.300.000	42.553.703
24.01.2018	Share capital increase	485.434	0,50	21.762.285	970.868	43.524.571
23.05.2019	Share capital increase	1.963.865	0,50	23.726.150	3.927.729	47.452.300
24.05.2019	Share capital increase	1.802.451	0,50	25.528.601	3.604.902	51.057.202
27.11.2019	Share size reduction	-22.975.741	0,05	2.552.860	0	51.057.202
12.12.2109	Share capital increase	133.940	0,05	2.686.800	2.678.808	53.736.010

16. Other Payables

DKK'000	31/12/2019	31/12/2018
Non-current:		
Payable for use of IP rights	2,054	0
Total non-current other payables	2,054	0
Current:		
Payable for use of IP rights	560	1,629
Holiday pay liability	1,076	1,604
Discontinued operations	601	0
Other	342	595
Total current other payables	2,579	3,828

17. Provisions

DKK'000	31/12/2019	31/12/2018
Provisions at 01/01/2019	5,069	3,104
Provisions made during the year	0	5,069
Provisions reversed during the year	-5,069	-3,104
Total	0	5,069
Non-current liabilities	0	0
Current liabilities	0	5,069

18. Contingent liabilities

Based on management's assessment the Group is not involved in any lawsuits, arbitration cases or other matters which could have a material impact on the group's financial position or results of operations.

19. Security provided

None.

20. Financial risks and financial instruments

Risk management policy

The group's financial risks are managed by the Executive Management. The group has not prepared particular policies for the identification and handling of risks. Managing the group's risks forms part of the Executive Management's day-to-day monitoring of the group.

20. Financial risks and financial instruments – Continued –

Interest rate risk

The group has no interest-bearing debt. The group is not subject to material credit risks

Credit risk

The maximum credit risk relating to receivables corresponds to the carrying amount. Information about trade receivables due appears from note 14. The group is not subject to material credit risks.

Currency risk

The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's monetary assets and liabilities denominated in foreign currencies.

The following tables demonstrate the sensitivity to a reasonably possible change in NOK, GBP and USD exchange rates, with all other variables held constant. The group's exposure to foreign currency changes for all other currencies is not material.

Amounts in DKK '000		Effect on loss before tax	Effect on pre- tax equity
Year end 31/12/2019			
Change in NOK rate	+ 5%	+83	+83
Change in NOK rate	- 5%	-83	-83
Change in USD rate	+5%	-14	-14
Change in USD rate	-5%	+14	+14

Amounts in DKK '000		Effect on loss before tax	Effect on pre- tax equity
Year end 31/12/2018			
Change in NOK rate	+ 5%	+361	+361
Change in NOK rate	- 5%	-361	-361
Change in GBP rate	+ 5%	-315	-315
Change in GBP rate	- 5%	+315	+315
Change in USD rate	+5%	-219	-219
Change in USD rate	-5%	+219	+219

Foreign currency risks are managed as part of the Executive Management's day-to-day monitoring of the group.

20. Financial risks and financial instruments – Continued -*Liquidity risk*

The group's liquidity risk covers the risk that the group is not able to meet its liabilities as they fall due. The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest. Reference is made to the paragraph "Capital resources" in note 3 and significant accounting estimates and judgments in note 2.

DKK'000	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31/12 2019:					
Lease Liabilities	235	251	532	0	1,018
Trade Payables	597	0	0	0	597
Other payables	2,626	561	1,493	0	4,680
Total as at 31/12 2019	3,458	812	2,025	0	6,295
As at 31/12 2018:					
Trade Payables	1,797	0	0	0	1,797
Provisions	5,069	0	0	0	5,069
Other payables	3,828	0	0	0	3,828
Total as at 31/12 2018	10,694	0	0	0	10,694

21. Consolidated companies and related parties*Ownership*

The following shareholders are registered in 5th Planet Games' register as being the owners of 5% or more of the voting rights or 5% or more of the share capital (1 share equals 1 vote) as of 31.12.2019.:

HNI Trading ApS, Vedbæk Strandvej 386, DK 2950 Vedbæk
 EDP APS, Dronninggårds Alle 40B, DK 2840 Holte
 Tigerstaden AS, Apalveien 6, NO 0371 Oslo
 Aula Invest ApS, Christiansholms Tværvej 10, DK-2930 Klampenborg
 Fountainhead ApS, Østerled 19, 2100 København Ø

Transactions with key management employees

Referring to note 25 convertible notes the company has lend 184,417 shares at a value of 47 TDKK from CEO Henrik Nielsen. The shares are delivered to Formue Nord Fokos A/S regarding the Credit facility agreement to reduce number of capital increases,

Remuneration for management is disclosed in note 5. The group has not entered into contracts with change of control clauses

Equity investments in other companies

DKK'000	Owner-ship	Municipality of registered office	Equity	
			31.12. 2019	Result 2019
5th Planet Games Development ApS	100.0%	København K	-150	-25,316
Ivanoff Interactive A/S	100.0%	København K	2,241	79
Hugo Games, Inc.	100.0%	Delaware	-656	105
Hugo Games GmbH	100.0%	Berlin	-302	-444
5th Planet Games LTD	100.0%	Leicestershire	-3	-3

Transactions with other related parties

There have not been other transactions with related parties.

22. Fee to parent company auditors appointed at the general meeting

DKK'000	2019	2018
Grant Thornton		
Statutory audit	165	160
Other assurance engagements	62	90
Tax Consultancy	5	0
Other services	33	31
Total fees for the year	265	281

23. Events occurring after the balance sheet date**Right issue to be conducted:**

The Board of Directors of 5th Planet Games A/S (the "Company") has the 11th June 2020 resolved to conduct a rights issue of NOK 35-45 million at a subscription price of NOK 1.00 per share (the "Rights Issue"), of which the minimum amount is underwritten. The Rights Issue is subject to approval by the annual meeting of the Company to be held on 3 July 2020 (the "AGM").

The proposed underwritten Rights Issue will raise gross proceeds of NOK 33-45 million through issuance of minimum 35,000,000 and maximum 45,000,000 new shares (the "Offer Shares") at a nominal value per share of DKK 0.05, and a subscription price of NOK 1.00 per share

The minimum amount in the Rights Issue is fully underwritten by a consortium of investors

Cancellation of convertible loan agreement with Formue Nord

Since May 2019, the Company has had a convertible loan agreement with Formue Nord (the "Loan Agreement"), which was put on hold on 24 April 2020 (announcement 18-2020). As a prerequisite for resolving the Rights Issue in the AGM, the AGM will be asked to cancel the existing Loan Agreement. The board of directors of the Company finds that cancelling the Loan Agreement, combined with a positive resolution on the Rights Issue, is in the best interest of the Company and its shareholders.

The proceeds from the Rights Issue will be used to pay back the current outstanding convertible loan w/interest to Formue Nord A/S of approximately NOK 7.5 million as well as working capital for development and marketing of the current game pipeline, as well as expanding on the future game portfolio.

Finance and development agreement regarding the Vikings Game:

In January 2020 a finance agreement between Aula Invest ApS and 5th Planet Games was signed regarding further develop of the Vikings game based on the Vikings television series from MGM. At the same time an agreement with the Finnish development company Quantum Shake OY was signed regarding the development work.

The consequence of the two agreements is that the game is expected to be finished in August 2020 without any finance requirements from 5th Planet Games but Aula Invest ApS and Quantum Shake OY shall receive a significant part of the future net revenue.

24. Adoption of the annual report for publication

At the board meeting on 11 June 2020, the Board of Directors approved this annual report for publication. The shareholders of 5th Planet Games A/S have the power to amend the Annual Report. The annual report will be presented to the shareholders for approval at the annual general meeting on 3 July 2020.

25. Convertible loans - Credit facility agreement Formue Nord Fokus A/S**Main terms of the agreement:**

Final agreement entered 24th May 2019

Commitment up to 42mNOK

Commitment period up to 48 months

Interest free convertible bonds

Commitment fee 4,6% of total commitment.

Up to 12 tranches, with at least 3 months between each tranche.

Each tranche not less than 0,5mNOK and not more than 10mNOK or 10% of the market cap of the Company.

Conversion price 90% of lowest share price over the latest 15 days excluding days where lender represents more than 20% of the number of shares traded.

Conversion price shall be at least 0,15NOK. In case of lower price, the Lender shall convert at NOK 0,15

Price with an obligation for the Borrower to compensate the Lender the difference between the conversion price and NOK 0,15 in cash.

Convertible loans issued in 2019:

DKK'000		2019	2018
Aula Invest ApS		2,000	0
Fountainhead ApS		2,000	0
Formue Nord Fokus ApS		5,929	0
Total issued		9,929	0
Conversation of loans to shares during the year:			
	Shares	DKK'000	
Aula Invest ApS	1,963,864	2,000	0
Fountainhead ApS	1,802,451	2,000	0
Formue Nord Fokus ApS	2,863,225	1,116	0
Total Conversation	6,629,540	5,116	0
Outstanding amount as at 31.12.2019 (TNOK 6,282)		4,813	0

Reference is made to note 23 "Events occurring after the balance sheet date" regarding rights issue and Cancellation of the convertible loan.

26 Discontinued operations

The development studio 5th Planet games LTD in Leamington-Spa, working on the strategy game based on the Vikings series, was closed down in January 2019.

The development studio, Fuzzy Frog Ltd., in Nottingham working on the sequel to the original Doodle Jump game was closed down in March 2019.

The development studio, Hugo games INC, in Rocklin working on Dawn of The Dragons: Ascension game was closed down in November 2019. In February 2020 Dawn of the Dragons 1 was also closed down.

Revenue and expenses, gains and losses relating to the discontinuation of these subgroups have been eliminated from profit or loss from Groups continuing operations and are shown as a single line item in the statement of profit and loss.

Income statement for continued, discontinued and total operations for the year:

DKK '000	Continuing operations		Discontinuing operations		Total	
	2019	2018	2019	2018	2019	2018
Revenue	2,180	3,855	4,485	2,109	6,665	5,964
Costs of sales	136	305	1,225	341	1,361	646
Gross Profit	2,044	3,550	3,260	1,768	5,304	5,318
			-	-		
Research and development costs	9,222	299	9,159	11,462	18,381	11,761
Marketing expenses	304	2,316	21	-	325	2,316
Other expenses	10,332	10,843	5,046	4,997	15,378	15,840
EBITDA	-17,814	-9,908	-10,966	-14,691	-28,780	-24,599
			0			
Special items	-306	8,854	6,600	9,439	6,294	18,293
Depreciation and amortisation	883	4,068	934	365	1,817	4,433
Operating loss (EBIT)	-18,391	-22,830	-18,500	-24,495	-36,891	-47,325
			0	0		
Financial income	31	210	-	-	31	210
Financial expenses	157	145	282	351	439	496
Loss before tax	-18,517	-22,765	-18,782	-24,846	-37,299	-47,611
Tax on loss for the year	-2,160	0	-2,916	-4,067	-5,076	-4,067
Loss for the year from operations	-16,357	-22,765	-15,866	-20,779	-32,223	-43,544

PARENT COMPANY ACCOUNTING POLICIES

The financial statements of the parent company 5th Planet Games A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act on listed companies.

The financial statements are presented in Danish kroner (DKK).

The parent company's accounting policies have been applied consistently with last year.

Differences in relation to the group's accounting policies

The parent company applies the same accounting policies for recognition and measurement as the group with the exceptions and additions set out below. For a complete description of the parent company's accounting policies, see note 1 to the consolidated financial statements.

Income statement and balance sheet

Equity investments in subsidiaries

Equity investments in subsidiaries are recognised in the balance sheet at the proportionate share of the companies owned adjusted for any residual value of positive or negative goodwill as well as unrealised intercompany profits and losses.

Profits or losses in subsidiaries are recognised in the income statement in proportion to the shares equivalent to the equity investments. Newly acquired or newly founded enterprises are recognised in the financial statements as from the time of acquisition. Companies divested or discontinued are recognised until the date of divestment.

Newly-acquired companies are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of newly-acquired companies are recognised at fair value at the date of acquisition.

The goodwill (positive difference) determined at the date of acquisition is recognised under equity investments in subsidiaries and amortised according to the straight-line method based on an individual assessment of the useful life of the asset, the maximum period, however, being 20 years.

Cash flow statement

No cash flow statement is prepared for the parent company, as the parent company is included in the consolidated cash flow statement in accordance with section 86(4) of the Danish Financial Statements Act.

Parent Company income statement

DKK'000	Note	2019	2018
Other external expenses		-721	-686
Staff costs	1	-1,029	-1,369
Operating loss		-1,750	-2,055
Share of loss from equity investments in group companies	2	-25,598	-34,935
Other financial income	3	439	949
Other financial expenses	3	-71	-97
Total net financials		-25,230	-34,083
Loss before tax		-26,980	-36,138
Tax on loss	4	-251	-155
Nett Loss		-26,729	-35,983
Proposed distribution of net loss:			
Dividend for the financial year		0	0
Special reserve		0	-22,461
Retained earnings		-26,729	-13,461
Total		-26,729	-35,983

Parent company balance sheet

ASSETS

DKK'000	Note	2019	2018
Equity investments in group companies	2	2,241	12,549
Total non-current assets		2,241	12,549
Current Assets:			
Receivables from group companies		815	1,215
Tax receivable		251	155
Other receivables		45	29
Total receivables		1,111	1,399
Cash		5,222	13,604
Total current assets		6,333	15,003
Total assets		8,574	27,552

EQUITY AND LIABILITIES

DKK'000	Note	2019	2018
Equity:			
Share Capital		2,686	21,762
Reserves		0	0
Retained earnings		4,540	4,733
Total equity		7,226	26,495
Provisions:			
Other provisions	2	1,111	802
Total provisions		1,111	802
Current liabilities:			
Payable to shareholders and management		47	0
Trade payables		236	255
Total current liabilities		283	255
Total Liabilities		283	255
Total equity and liabilities		8,620	27,552

Contingent liabilities	5
Security provided	6

Statement of change in equity

DKK'000	Share capital	Reserve capital reduction	Share premium	Convertible loan	Retained Earnings	Proposed dividend	5th Planet Games
							shareholder's share of EQUITY
Equity as at 01.01.2019	21,762	0	0	0	4,733	0	26,495
Capital increase by loan conversation	3,900		1,170	-5,070			0
Capital reduction	-22,976				22,976		0
Convertible loans issued				9,930			9,930
Costs related to capital increase					-2,451		-2,451
Exchange rate adjustments					-19		-19
Transfer of reserves			-1,170	-4,860	6,030		0
Proposed distribution of net loss					-26,729		-26,729
Equity as at 31.12.2019	2,686	0	0	0	4,540	0	7,226
Equity as at 01.01.2018	20,627	22,461	0	0	15,938	0	59,026
Capital Increase	1,135		2,146				3,281
Used to settle share options			0		564		564
Costs related to capital increase			-387				-387
Exchange rate adjustments					-6		-6
Transfer of reserves			-1,759		1,759		0
Proposed distribution of net loss		-22,461			-13,522		-35,983
Equity as at 31.12.2018	21,762	0	0	0	4,733	0	26,495

History of share capital development since incorporation

Date	Type of change	Change in Share Capital DKK	Per value DKK	Total share capital DKK	Number of new shares	Total number of shares
13.04.2011	Formation	80,000	1.00	80,000	80,000	80,000
09.09.2014	Share capital increase	28,917	1.00	108,917	28,917	108,917
30.12.2015	Conversion to A/S	9,891,083	1.00	10,000,000	9,891,083	10,000,000
06.02.2016	Share split	0	0.50	10,000,000	10,000,000	20,000,000
26.06.2015	Share capital increase	2,500,000	0.50	12,500,000	5,000,000	25,000,000
27.01.2016	Share capital increase	137,074	0.50	12,637,074	274,148	25,274,148
03.08.2016	Share capital increase	10,000,000	0.50	22,637,074	20,000,000	45,274,148
12.04.2017	Share capital increase	2,239,948	0.50	24,877,022	4,479,895	49,754,043
12.06.2017	Share capital increase	31,948,835	0.50	56,825,857	63,897,670	113,651,713
31.10.2017	Share split	-22,460,686	0.50	34,365,171	-44,921,371	68,730,342
29.11.2017	Share split	-23,000,000	0.50	11,365,171	-46,000,000	22,730,342
01.12.2017	Share capital increase	9,261,680	0.50	20,626,851	18,523,361	41,253,703
01.01.2018	Share capital increase	650,000	0.50	21,276,851	1,300,000	42,553,703
24.01.2018	Share capital increase	485,434	0.50	21,762,285	970,868	43,524,571
23.05.2019	Share capital increase	1,963,865	0.50	23,726,150	3,927,729	47,452,300
24.05.2019	Share capital increase	1,802,451	0.50	25,528,601	3,604,902	51,057,202
27.11.2019	Share size reduction	-22,975,741	0.05	2,552,860	0	51,057,202
12.12.2019	Share capital increase	133,940	0.05	2,686,800	2,678,808	53,736,010

PARENT COMPANY NOTES

1. Staff Costs

DKK'000	2019	2018
Wages and salaries	1.029	1.369
Pensions	0	0
Other social security costs	0	0
Total	1.029	1.369

Average number of employees during the year	2	2
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Remuneration of board of directors and executive management:

Board of directors:

Cash remuneration	45	119
Total	45	119

Executive management:

Gross Salary	983	1.250
Pension Contribution	0	0
Total	983	1.250

2. Investments in group companies

DKK'000	2019	2018
Costs at 01/01/2019	64.278	27.527
Additions during the year	0	187
Subsidy to Group company	15.000	36.564
Disposals during the year	-3.125	0
Costs at 31/12/2019	76.153	64.278

Value adjustments as at 01/01/2019	-52.531	-17.589
Share of loss before amortisation of goodwill during the year	-25.502	-33.348
Foreign exchange loss investments group companies	-37	-6
Amortisation of goodwill during the year	-78	-2.226
Elimination of intercompany profit after tax	0	638
Disposals during the year	3.125	0
Value adjusted as at 31/12/2019	-75.023	-52.531

Carrying amount as at 31/12/2019	1.130	11.747
Group companies with negative equity	1.111	802
Group companies with positive equity	2.241	12.549

3. Financial Items

DKK'000	2019	2018
Financial income includes interest from group enterprises	415	750
Financial expenses include interests to group enterprises	0	0
Total	415	750

4. Tax

DKK'000	2019	2018
Current tax for the year	0	0
Prior year adjustments	0	0
Tax credit scheme/joint taxation contributions	-251	-155
Change in deferred tax	0	0
Total tax for the year	-251	-155

Tax comprises:

Tax on loss for the year	-251	-155
Tax on changes in equity	0	0
Total	-251	-155

5. Contingent liabilities

Based on management's assessment the Company is not involved in any lawsuits, arbitration cases or other matters which could have a material impact on the group's financial position or results of operations.

6. Security provided

None